Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 4918

INFO AMEMBASSY BONN

AEMBASSY BRUSSELS 1737

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS UNN

USMISSION NATO BRUSSELS

AMEMBASSY MOSCOW

C O N F I D E N T I A L LUXEMBOURG 0115

E. O. 11652: GDS

TAGS: SOPN, PINR, LU

SUBJECT: TEAPOT TEMPEST OVER TIME'S REVELATION OF

KGB ROLE IN LUXEMBOURG

REF: (A) LUXEMBOURG 0076 (NOTAL) (B) LUXEMBOURG 0102

1. TIME MAGAZINE'S ARTICLE OF FEBRUARY 2 DESCRIBING LUXEMBOURG AS A MAJOR BASE FOR SOVIET INTELLIGENCE ACTIVITIES IN EUROPE (REFTEL (B)) CONTINUES TO ELICIT A MIXTURE OF INDIGNATION, APPREHENSION AND TITILLATION HERE, NOT UNLIKE A PROPER BUT PLAIN YOUNG LADY'S REACTION TO THE REALIZATION THAT SHE IS BEING FOLLOWED BY A MAN. MORE THAN A FEW LUXEMBOURGERS ARE OPENLY DELIGHTED AT BEING DESCRIBED AS A MAJOR BASE FOR ANYTHING, BUT OTHERS ARE SERIOUSLY CONSIDERING THE CONFIDENTIAL

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CHARGES AND SETTING ABOUT TRYING TO ASSESS THEIR ACCURACY

AND IMPORT. SHOULD THEY BE EVEN PARTLY CORROBORATED BY THE INQUIRIES WHICH ARE NOW BEING URGED BY VARIOUS PARTIES, IT COULD SERIOUSLY EMBARRASS THE SOVIETS' EFFORTS TO STILL ENDURING SUSPICIONS AMONG CENTER AND MODERATE LEFTISTS.

- 2. APPEARING AS IT DID ON THE EVE OF A SCHEDULED PARLIAMENTARY DEBATE OVER THE FUTURE OF LUXEMBOURG'S SMALL INTELLIGENCE SERVICE. THE ARTICLE BROUGHT PREDICTABLE CRIES FROM THE LUXEMBOURG COMMUNIST PARTY THAT IT WAS A PLANT. THE COMMUNIST DAILY ZDITUNG LABELED IT A "CAMPAIGN OF DEFAMATION" AND CHARGED THAT IT HAD BEEN INSPIRED BY THE CIA. ON THE OTHER HAND, LUXEMBOURG'S LARGEST NEWSPAPER, THE CONSERVATIVE LUXEMBURGER WORT, OBSERVED ICILY THAT IT WOULD HARDLY BE NECESSARY FOR TIME TO SEEK OUT THE CIA IN ORDER TO INFORM ITSELF CONCERNING THE SOVIET ROLE IN LUXEMBOURG; IT COULD MORE EASILY HAVE READ THE WORT'S OWN ARTICLE OF JANUARY 5 WHICH WONDERED WHY THE RUSSIANS REOUIRED NEARLY FIFTY WORKING SOVIET CITIZENS WITH DIPLOMATIC STATUS TO STAFF THEIR SMALL, HEAVILY GUARDED EMBASSY. THAT ARTICLE CONCLUDED THAT UPWARDS OF A THIRD OF THEM WERE ACTUALLY ENGAGED IN ESPIONAGE ACTIVITIES.
- 3. THE REVELATIONS WERE A PARTICULAR EMBARRASSMENT FOR LUXEMBOURG'S SMALL, GERIATRIC, BUT OPENLY PRO-SOVIET COMMUNIST PARTY. CPL PARTY CHIEF RENE URBANY PUBLICLY PLEDGED TO QUESTION THE GOVERNMENT ABOUT THE CHARGES AND THEIR SOURCES. HOWEVER, HIS EXPLANATION THAT HE WISHED TO HAVE A "CLEAN CONSCIENCE" IN HIS CONTINUED DEFENSE OF THE SOVIET EMBASSY'S INNOCENCE WAS GREETED WITH DERISION BY BOTH THE LUXEMBURGER WORT AND THE SOCIALIST DAILY TAGEBLATT. TAGEBLATT WENT ON TO SUGGEST THAT MOST LUXEMBOURGERS WERE WELL AWARE THAT THEIR SMALL COUNTRY WAS A CENTER OF SORTS FOR SUCH ACTIVITIES, BUT DID NOT FEEL THAT IT PARTICULARLY CONCERNED THEM SO LONG AS IT WAS, IN A SENSE, TRANSIT TRAFFIC.
- 4. BY WEEK'S END, THE DISCUSSION WAS EXPECTED TO SHIFT CONFIDENTIAL.

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TO THE NATIONAL ASSEMBLY AS PUBLIC INTEREST RUNS ITS COURSE AND ATTENTION TURNS TO THE UPCOMING DEBATE OVER LUXEMBOURG'S OWN INTELLIGENCE SERVICE. HOWEVER, IN A THOUGHTFUL ARTICLE THE INDEPENDENT REPUBLICAIN LORRAIN ASKED WHETHER THE REVELATIONS DID NOT ACTUALLY SHOW THAT IN AN AGE OF INCREASINGLY OPEN BORDERS THE GRAND DUCHY WAS IN DANGER OF EARNING AN INTERNATIONAL REPUTATION AS A SOVEREIGN "WEAK LINK" WITH A PERHAPS

| EXCESSIVE TOLERANCE TOWARD A WHOLE RANGE OF QUESTIONABL | E |
|---------------------------------------------------------|---|
| ACTIVITIES FROM ESPIONAGE TO TAX EVASION. FARKAS | |

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TAGS: SOPN, PINR, LU, UR, TIME To: STATE

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